

LANGUAGE  
of a Moscow

WIMBLEDON  
ABATINI LOSES  
See Sports, Page 17

INTERNATIONAL  
Herald Tribune

Published With The New York Times and The Washington Post  
PARIS, TUESDAY, JUNE 28, 1988

Table with subscription rates and contact information for the Herald Tribune.

In the Pacific Basin, a Surge of Anti-American Sentiment



In Manila on Monday, a demonstration against U.S. bases in the Philippines typifies the region's growing anti-American sentiment.

Trade Disputes Help Spark Mood

By Keith B. Richburg  
Singapore — Trade disputes and accusations of U.S. government "meddling" in domestic politics have stirred latent anti-American sentiment in several Southeast Asian countries...



EUROPE SUMMIT — As the EC conference began Monday in Hamouer, West Germany, Chancellor Helmut Kohl, left, discussed the prospects with President Mitterrand, right, and Foreign Minister Roland Dumas of France. Page 11.

Caution On Soviet Meeting

Aides See Focus On Party Reform, But 'No Surprises'

Dollar Rise Blunted by Central Banks

YORK — The dollar hit 16-month highs on Monday but fell after the U.S. central bank currency to restrain its surge...

Kiosk Lake Shakes La Francisco

SAN FRANCISCO (AP) — A strong earthquake jolted southern California on Monday, shaking skyscrapers in San Francisco and halting commuter but there were no reports of damage or injury.

Table showing exchange rates for various currencies including the Dollar, DM, Pound, Yen, and FF.

Jet Flew Too Low, Paris Says

By Barry James  
Paris — The French minister of transport, Louis Mermaz, said Monday that an initial investigation revealed an evidence of a systems failure in the crash Sunday of an Air France A-320 Airbus during a French air show.

Train Crash In Paris, 22 Feared Dead

By Jonathan Gage  
Paris — Up to 22 persons were feared dead and 24 were injured when a commuter train slammed into another during rush hour at the Gare de Lyons station in Paris, rescue officials said.

U.S. May Retire Older Planes

By Richard Witkin  
NEW YORK — The government will propose a rule that for the first time would limit the number of flights planes can make, official say.

As Boom Ends, New York Faces 'Jobs Mismatch'

By Thomas J. Lueck  
NEW YORK — After 10 years of boom times, the economic vitality of New York City is being tested by deeply rooted problems: pervasive poverty and inadequate job training, a shortage of skilled workers and a growing dependence on highly specialized service industries.

Nigeria Reaps the Benefit of Biafran Absolution for a Turbulent Tribe

By Blaine Harden  
Like tens of thousands of Ibo in 1970, the young officer then walked out of the bush and surrendered. He accepted the death of Biafra, an Ibo nation, and resumed life in the fractious tribal amalgam called Nigeria.

the Pacific Basin, a Surge of Anti-American Sentiment

In the Philippines, Foreign Secretary Raul Manglapus has spoken of the need to "slay the American father image." In Thailand, outrage over U.S. pressure on the government to pass a copyright bill precipitated a split in the ruling party that allowed Prime Minister Prem Tinsulanonda to dissolve the assembly and call new elections for July.

Trade Disputes Help Spark Mood

The new mood suggests that the United States may find less receptive ground in the region than in the past over a wide range of economic, political and defense-related issues. These issues include U.S. efforts to persuade Thailand to adopt restrictions on copyrighted material and to reach an acceptable agreement with the Philippines to allow the retention of U.S. military bases there.

Jet Flew Too Low, Paris Says

Three passengers died and 133 escaped down emergency chutes. About 20 were seriously injured. British Airways, Air France and Air Inter, France's internal airline, said Monday night they were resuming flights by their A-320 jets. They are the only companies currently flying the A-320s, and the flights had been halted following the crash.

Paris — Up to 22 persons were feared dead and 24 were injured when a commuter train slammed into another during rush hour at the Gare de Lyons station in Paris, rescue officials said.



Handwritten note in Arabic script.

For England's Green and Pleasant Land, Tons of U.S. Trash

By Francis X. Clines

LONDON — The trans-Atlantic traffic in wretched refuse from teeming shores has taken on an entirely new meaning in Cheshire and Cornwall, where local residents are alarmed about a proposal to import millions of tons of garbage from the United States for disposal in far-from-merry Old England.

ment from Cheshire, in calling on his constituents to rally round the new Warrington landfill. Its estimated 25-year lifetime would shrink to five should odoriferous bundles for Britain be taken in from the old colony at the proposed rate of 1.25 million tons a year.

Entrepreneurs now actively pursuing the proposal say the cash and environmental profits are right for British communities and the dumping price a bargain for Americans.

Nick Baig, director of Power, Water and Waste, a private company. He said that trans-Atlantic disposal would be as much as 45 percent cheaper for localities on the U.S. East Coast than truck their garbage to Ohio.

Whatever the result, the case has illustrated the extensive dimensions of the garbage glut. The clamor also has provided a new example of the principle of territoriality.

ation methods, which he said would be used in combination with high-tech incineration to produce electric power and a relatively trouble-free industrial asset for job-hungry Cornwall.

"It's a matter of loud and total opposition," he said, noting, however, that landfill disposal in Britain can cost as little as \$16 a ton, while in the states it can cost more than \$100.

the county council's partner in waste disposal, has lately proposed allowing in trans-Atlantic garbage at the rate of 1.5 million tons a year, contending that the staff's origins are not important according to landfill regulations.

"We're a bit of wry smile over this," Mr. Robinson said, referring to the notion that the American cousin might be compelled to put aside pride and beg the realm for a strange sort of refuge.

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S. Alters Policy on Foreigner Indictments

By Robert Pear

WASHINGTON — The Reagan administration has adopted a new policy under which federal prosecutors must obtain the president's approval before a foreign leader is indicted by a federal grand jury.

U.S. Outraged by Terror

WASHINGTON — The United States is outraged by the arrest of a Cuban diplomat in Panama on charges of drug smuggling.

Palestinians Protest in

Jerusalem — Thousands of Palestinians gathered in Jerusalem to protest against the Israeli government's decision to accept a U.S. proposal for a new peace plan.

For the Record

A collection of short news items and updates from various international locations.

Spanish Customs Insp

Madrid — Spanish customs officials have seized a large quantity of illegal drugs at an airport terminal.



Leslie F. Manigat, deposed as Haitian president in a military coup, and his wife arriving at Madrid airport Monday en route to Rome.

Haitian Military Linked To Narcotics Smuggling

By Joseph B. Treaster

PORT-AU-PRINCE, Haiti — Before dawn one morning earlier this year, villagers on the south coast of Haiti watched men in olive drab uniforms unload duffel bags from a small plane on a remote salt flat.

Several weeks later, a group of Haitian soldiers, several Colombian and an American returned after midnight with cables and batteries in an unsuccessful effort to recover the plane, which had become disabled.

'Soft' Spending on U.S. Race May Exceed Official Funding

By Charles R. Babcock

WASHINGTON — Although the two major presidential candidates each will get \$46 million in public funds to run their campaigns, the amount spent on the presidential race this fall could double that, specialists say.

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Smiling Duarte Leaves a Troubled Legacy

By Douglas Farah

SALVADOR — As President Napoleón Duarte under treatment for what is deemed a terminal cancer in the States, his era in El Salvador, leaving most of the problems that were tearing the country apart when he was four years ago.

NEWS ANALYSIS

Hence (ARENA) "to possibly plan a coup that would break the democratic process."

General Blandin, military chief of staff, said earlier this month that some younger officers were meeting with sectors of the rightist Nationalist Republican Army.

land, bank and commerce reforms that stripped the landed rich of much of their power.

Peasant and labor groups that initially supported him felt betrayed when he failed to end the war, show independence from the United States or prosecute human rights abuses.

Large advertisement for Marlboro cigarettes featuring a man in a cowboy hat smoking a cigarette, with a pack of Marlboro 100's cigarettes in the foreground.

Spanish Customs Insp

Madrid — Spanish customs officials have seized a large quantity of illegal drugs at an airport terminal.

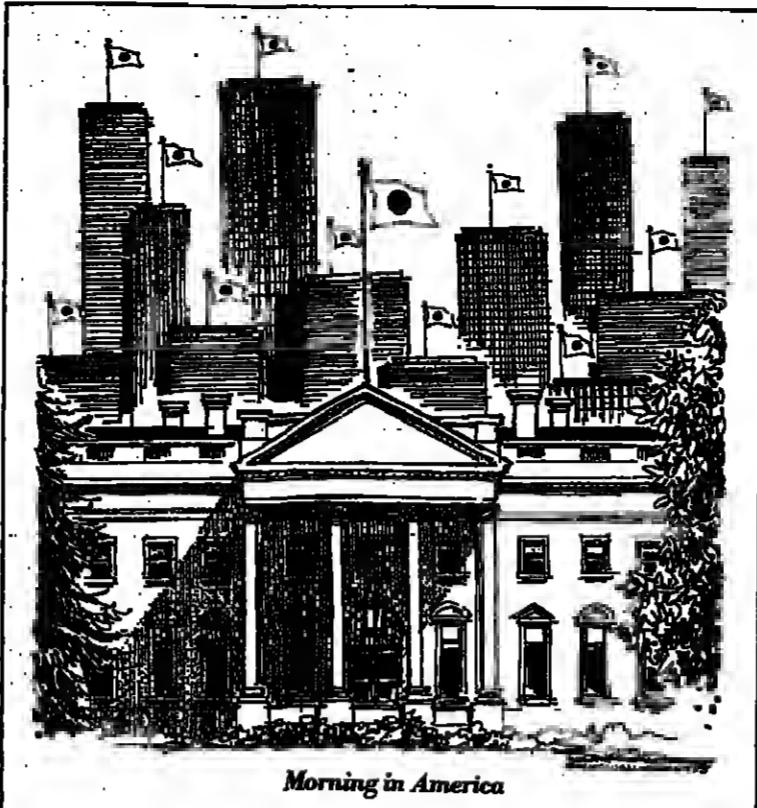


OPINION

Taxes Are an Election Issue And Dukakis Is Dodging It

By William Safire

WASHINGTON — We are now vividly presented with evidence of deep difference between George H. W. Bush and Michael Dukakis on the issue of taxing and spending. We've run into a rather modest expected shortfall... economic growth with its attendant revenues. 2. Facing the same red ink, most Democrats resist spending cuts... Liberals can face that fact honestly, as Walter Mondale did... Now we come to how that real difference is evaded. Liberal editorialists will condemn Mr. Bush's pledge as irresponsible pandering to the selfishness of voters. They will hail Mr. Dukakis for making the "tough choice" against cutting popular services...



Morning in America

LETTERS TO THE EDITOR

Hong Kong's 'Screening' Policy for Refugees Is Wrong

Regarding "Don't Forget the Victims" (June 24) by Elizabeth Becker: It is wrong to describe Hong Kong's new policy of "screening" arriving Vietnamese boat people as "moderate" and "humane." The policy is brutal. Screening is the latest euphemism to be added to the lexicon of terms for abusing refugees. While every nation is obliged to have an effective mechanism to determine which asylum seekers are worthy of protection as refugees, the Hong Kong policy can only be seen as a harsh deterrent measure...

Fighting the Jungle With Flowers

By Carolyn Kraus

DETROIT — Adelaide Street starts at the Stone Adult XXX Theater on Woodward, Detroit's main boulevard, then runs for two blocks past stripped cars, \$6-a-night flophouses and gutted hulks of Victorian mansions... On Adelaide Street, flophouse residents look out on a profusion of roses, tulips and irises — sprouting from red and green painted toilet bowls... Mrs. Ford was asking for trouble, people warned. It was a spot where hockey fans leaving the arena and people on their way to a church's soup kitchen tossed their trash. But Mrs. Ford had a firm conviction: "If there's a garden, people will respect it..."

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Numbers

do the Foolishness

UTTE simply, Ronald Reagan's plan for reducing the size of the federal government was to create a fiscal surplus. He did this by cutting revenues and making a matching cut in expenses. The resulting deficits provide no whatever on which to extrapolate an inevitable decline in American power. Foolish domestic political strategy and now has foreign policy consequences. Mr. Reagan thought it was possible to weaken American government without weakening American influence. It was done in the 1980s can be in the 1990s. American industry did collapse in 1983. What happened was the dollar appreciated 80 percent. Senator Daniel Patrick Moynihan, The New York Times Magazine.

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Table listing names and prize amounts for Lotto 6/49 winners: Lillian and Stewart Kelly - \$13,890,588.80; Mubamad and Nurahi Samji - \$11,066,864.20; Ron and Val Taylor - \$10,372,326.70; Jean Yau - \$10,191,804.60; Carrie and Derek Stockley - \$7,789,787.60; Doug and Loraine Clark - \$7,059,893.70

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Advertisement for Shanghai Hilton International, including a photo of a couple and a prize breakdown table for Lotto 6/49. The prize breakdown table lists prizes from 1st to 5th, with corresponding prize values and the number of winners.

SHANGHAI HILTON INTERNATIONAL



ARTS / LEISURE

Designer Mizrahi In the Big Time

By Anne-Marie Schiro

NEW YORK — Remember the name Isaac Mizrahi. He is this year's hottest new designer. His first show, in April, was so tasteful and imaginative that it catapulted him into the big time. Mizrahi is 26 years old and has been in business a year, but his clothes have already been in the windows of major stores and have been photographed by many fashion magazines. This summer in New York his designs will be in the windows of Bergdorf Goodman, Bloomingdale's and Saks Fifth Avenue. Stores as far afield as London and Singapore have ordered his fall clothes, which are as sophisticated as they are youthful. The young spirit is expressed in such daring color combinations as orange with pink, aqua with sky blue or mustard with rust. The sophistication comes through in the simplicity of the cuts and the quality of the fabrics. "There are two sides to Isaac's clothes," said Kalman Rutenstein, senior vice president for fashion direction at Bloomingdale's. "They have great creativity, vibrancy and youth, yet at the same time they're very classic with a cool elegance. Isaac is a very smart boy. He worked under great coaches and he learned very well, which is all to his credit." His coaches were Perry Ellis, for whom he worked while a student at the Parsons School of Design and for two years after his graduation in 1982. Jeffrey Banks, for whom he worked next, and Calvin Klein, for whom he worked until going on his own. "It had come to the point where my desire to work for other people was saturated," Mizrahi said. "I felt drained. I had to break away at that moment, or I might never have done it." He went into business with a family friend, Sarah Haddad Cheney, who had worked in children's

Mizrahi, inset, checks an orange jumpsuit and pink jacket.



Don Hagan/Charles/The New York Times

Diane Keaton's Sex Role For 'The Good Mother'

By Leslie Bennetts

NEW YORK — When Leonard Nimoy asked Diane Keaton to star in the movie version of "The Good Mother," she was horrified — a response she recalled later in a characteristically rapid-fire speech, her words tumbling out and ricocheting off each other at crazy angles as she rolled her eyes, buried her face in her hands, fidgeted and made assorted moaning noises. "I had a big reaction, which was I figured that I was wrong for the part, because of the love-making aspect of the film, it's just so vulnerable, the love part of it, falling in love for the first time, my God, I thought, 'What's going to buy this, I see me — Oh, my, I said to Leonard, 'Just forget it!' — I mean, people are just going to go, 'Take her off the screen! We don't want to see her!'"



Asia Vieira and Keaton as daughter and mother in the new film.

To be sure, "The Good Mother" is a narrowing story to dramatize on several counts; written by Sue Miller, the novel was highly acclaimed but decidedly controversial when it was published in 1986. The story addresses several sticky subjects, dealing not only with a woman's burgeoning sexuality but with its impact on her child, who may or may not have been molested by her lover — a possibility that prompts the woman's furious ex-husband to sue for custody. However, it was not sexuality that scared Keaton, now 42, whose first starring film role was as Theresa Dunn in "Looking for Mr. Goodbar."

Keaton's reaction was further fueled by her admission that she had always found sex with him to be "terrible," to a repressive puritan heritage and a legal system whose machinery, once started up, turns into a juggernaut that smashes every life it rolls over. Indeed, the story of "The Good Mother" provides something of a Rorschach test, its interpretation varying from individual to individual. "There are people who will say that Brian is absolutely right and Anna made a big mistake, and there are people who will say he's an uptight pain who doesn't want the kid at all and who's only getting back at her for saying that sex with him wasn't too terrific," Nimoy said. "There are people who will say that Leo did exactly the right thing and there are people who will say that Leo should be locked up."

Persistence Pays for Writer After 25-Year Hiatus

By Jules Older

NEW YORK — For many writers, a 25-year dry spell would be discouraging enough to quit writing. But James Hayford stuck with it and shortly before his 40th birthday had his first children's book published. The New Yorker ran one in 1951, for which Hayford was paid \$11. As his career appeared to be taking off, rhyming poetry fell out of fashion and since that was his genre, he found himself unpublished. "I thought of going to New York and hanging around with editors at cocktail parties, but I chose to stay in the country and just write the best I could, hoping someone would publish me," he said. No one did. He began to publish his poetry himself, under the name Oriole Books, "because we had an oriole nesting in our front yard." But he still longed for acceptance by a commercial publisher. In 1971, Hayford, a retired school teacher and now a grandfather, was re-reading one of his poems, "The Skunk," and suddenly realized it would make a good basis for a children's book. He worked on the book, called "Griddle Firing," on and off for 11 years. The book's main character, the skunk, was named for C.V. Gridley, captain of Admiral Dewey's flagship at the 1898 Battle of Manila Bay. It was to Gridley that Dewey gave the order, "You may fire when you are ready, Gridley."

Hayford explained: "I was at a loss for a name for the skunk and it occurred to me that Gridley was a natural. Being a Vermont I was brought up on Admiral Dewey — I went to school with his grandnephew. It came to me that this sentence was made for my purposes." Just before the climactic battle in the book, the farmer's son repeats Dewey's order to the skunk. Hayford sent the manuscript to publishers and again began collecting rejections. In 1982, a New York editor expressed interest and began making suggestions that continued after she switched to another publishing house. By the time she disappeared

from that house, Hayford had revised the manuscript 14 times. He was now without an editor and he was 70 years old. His search for a publisher continued, but without success. One editor wrote, "This book will never be published." Then, at the suggestion of Moshier, a novelist living nearby — the author of "Disappearance" — Hayford resubmitted the manuscript to New England Press in Shelburne, Vermont, which had rejected the book earlier because "we don't handle children's books." When Paul Eschholz, New England's editor, called and said he was interested, "I nearly fell over," Hayford recalled. "When I asked why he'd changed his mind, Eschholz said, 'We now view it as a Vermont book.'" "Griddle Firing" came out in November 1987. It has sold 2,000 copies, a successful beginning for a regional book. Since then Hayford has been interviewed, photographed and invited to talk to students from elementary school to college.

Advertisement for 'A Century of News' book. Features a large image of a vintage car and text describing the book's content: 'This handsome, large-format book allows such excellent reproduction of historic Herald Tribune material that you'll be poring over the pages with the same intense excitement as the original readers. Not only front pages — with such news headlines as Queen Victoria, Charles Lindbergh, the first astronaut, right up to Reagan and Gorbachev — but also interviews with famous figures and feature articles, memorable sports pages and fascinating "retro" advertising. All from the paper that's been in time with its time for over 100 years. The book, compiled by Bruce Singer, starts off with an entertaining introduction by Art Buchwald. Material is organized by decades, with a review of each 10-year period from historical and journalistic viewpoints. A superb personal or business gift. Hardcover (27 x 37 cm/10.5 x 14.5 in) 188 pages of reproductions and illustrations. Co-published with Thames & Hudson (London) and Harry N. Abrams (New York). Available in book stores and from the International Herald Tribune.'

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Denmark D.Kr.	2,700	33	1,500	25	830	17
Finland F.M.	1,830	41	1,000	35	550	29
France F.F.	1,600	37	880	31	480	25
Germany D.M.	600	39	330	33	182	26
Gr. Britain £	135	38	74	32	41	25
Greece Dr.	25,000	47	14,000	41	7,700	35
Ireland Ird.	155	43	85	38	47	31
Italy Lire	400,000	39	220,000	33	121,000	26
Luxembourg L.Fr.	11,500	37	6,300	31	3,400	25
Netherlands Fl.	660	40	365	33	200	27
Norway (air) N.Kr.	2,000	39	1,100	33	600	27
— (hd. del.) N.Kr.	2,500	24	1,400	15	700	15
Portugal Esc.	26,000	51	14,300	46	7,900	40
Spain (air) Ptas.	31,000	41	17,000	36	9,400	29
— (hd. del.) Ptas.	45,240	—	22,620	—	11,310	—
Sweden (air) S.Kr.	2,000	39	1,100	33	600	27
— (hd. del.) S.Kr.	2,500	24	1,400	15	700	15
Switzerland S.Fr.	510	44	280	38	154	32
Rest of Europe, N. Africa, former Fr. Africa, Middle East \$	470	Varies by country	260	Varies by country	145	Varies by country
Rest of Africa, Gulf States, Asia \$	620	Varies by country	340	Varies by country	190	Varies by country

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# SOFFEX

## A NEW SWISS EXCHANGE

### Options Market Opens in Zurich

It all happened with the utmost discretion, as befits the very secret world of Swiss banking and finance, but now it can be revealed: the Swiss stock exchanges have just traversed a "Big Bang" of their own. On May 19, the world's first fully electronic options trading and clearing system opened for business in Zurich.

Trading has since soared to 16,000 contracts a day, making this the most successful options exchange debut to date in Europe. Unlike the famous Chicago options exchange or the Life in London, the Swiss model has done away with the trading floor and all transactions take place automatically by computer.

"It was a Big Bang without the drama" says Ralph Gunther Kaiser, vice president of the Swiss Bank Corporation.

"Everything went smoothly. The screens only blinked out for one hour!" Compared with the London Stock Exchange's problems during the first week of the Big Bang, a 60-minute glitch is considered highly satisfactory. It was an auspicious start for the Swiss Options and Financial Futures Exchange, or Soffex as it is generally known.

The 11 Swiss stocks selected for options are some of the biggest companies in the world in their sectors — chemicals, food, banks and insurance. All of them are followed by institutions and private investors worldwide. If the Swiss had not introduced options, the Chicago exchange in the U.S. was going to start its own Swiss Index, to satisfy the need for today's portfolio managers to hedge their Swiss investments.

The reluctance of the Swiss to adopt new market instruments until now derives from the very qualities which have made their banking reputation — prudence, caution and thoroughness.

Soffex is the first step in a new direction. It is also the first national Swiss exchange and should pave the way to a unified Swiss stock market. Due to Soffex, continuous

### The 11 stocks selected for options are some of the world's biggest.

quotations have been introduced for the 11 underlying option stocks, instead of depending uniquely on the old system of open outcry pits.

The Swiss have been criticized for negotiating big block trades between themselves, outside the cash market. The Soffex, however, is totally transparent and all trades must be recorded. Other reforms are also being tabled to bring trading conditions and regulations in line with norms in other major markets. Leading Swiss banks are the prime movers behind these reforms.

To date, each of the cantons has administered its own stock exchange. The top three — Zurich, Geneva and Basel — joined forces with the leading banks, Union Bank of Switzerland, Swiss Bank

Corp., Credit Suisse, Swiss Volksbank and Bank Leu, to form a single corporation and finance Soffex. Estimates of the overall cost are put as high as 150 million Swiss francs: 65 million for the Soffex budget and the rest for equipment installed at the banks.

Once the decision was made to establish an options market, the corporation determined to create the best and most modern exchange in existence. Through Arthur Andersen, the international accounting and consultancy group, they commissioned a thorough survey of existing options facilities worldwide. Finally, in May 1986, the go-ahead was given to create something tailor-made for Switzerland.

"The Swiss banks deserve congratulations for their foresightedness. Soffex has meant a radical change in mentalities and it will accelerate other changes here," says Paul Hoëv, company managing partner for Arthur Andersen in Switzerland.

In the two-year period before the Soffex screens finally lit up for business on May 19, 1988, step-by-step preparations for the opening proceeded at breakneck speed, sometimes calling for superhuman efforts.

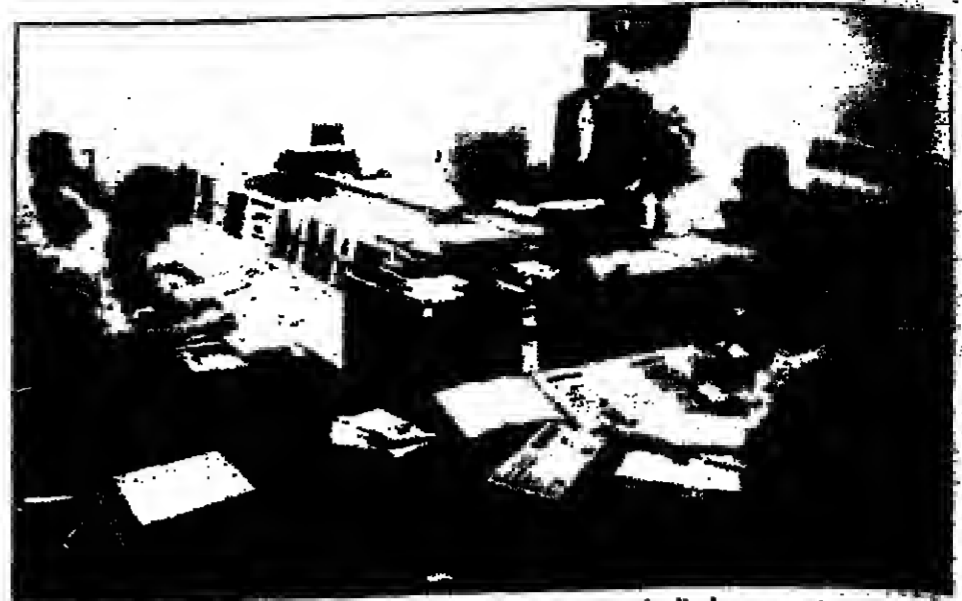
Otto Nägeli, former manager of investment banking for the Bank of Tokyo in Zurich, was selected as Soffex director. A staff of 35 was recruited, a difficult task in Zurich where computer specialists can write their own ticket. Headquarters were established in the Zurich suburb of

Dierikon, just a quarter of an hour's train-ride from the center.

The Soffex membership list was finalized. In addition to the five big banks sponsoring the Soffex, it comprises six cantonal banks, 20 other Swiss banks, ten foreign controlled banks, one foreign bank branch and three finance companies.

Terminals needed to be installed in member bank locations across Switzerland, connected to the central Soffex computer and integrated with the banks' own systems.

Arthur Andersen's team of computer whiz kids flooded into Zurich to design, pro-



In the trading room: all transactions take place automatically by computer.

gram, and test the systems. During the final simulation period, three separate groups worked around the clock.

Meanwhile, young Swiss "golden boys" (and a few "golden girls") flew from Europe to New York and Chicago to learn the new techniques of options and futures.

Proving that the Swiss know how to market when they want to, the Soffex team

went into action from the outset, publishing newsletters and informing the press and financial community of their progress.

At last the suspense is over. The Soffex computer is working smoothly, and work has begun on an index option of Swiss stocks which should be ready by the end of this year.

Before the opening, Nicolas Baer, president of the Zu-

rich Stock Exchange Association, predicted a slow start, and warned against boredom; instead, the number of contracts has kept climbing.

"Many more people were waiting for this than we expected," confirmed Bruno Gisler of USB, Switzerland's largest bank. He confidently predicts that even higher volumes should be reached by the end of the year.

### Seeking Out New Foreign Money

THE deep conservatism on which the Swiss Confederation has long prided itself — its 700th anniversary will be celebrated in 1991 — made them understandably wary of recent changes on Wall Street and in the City of London.

Yet the opening of the Options and Financial Futures Exchange is only the latest of several moves that are sweeping away the cobwebs.

The Big Three commercial banks — Union Bank of Switzerland, Credit Suisse, and Swiss Bank Corp. — have expanded aggressively abroad in recent years.

The cantonal banks, led by the largest, Zurich Cantonal Bank, have banded into an association catchily named Swiss Cantobank International, with a London office to



Mr. Joachim Gottschalk, CEO, Gottex Money Broking Company.

promote their interests abroad.

Even the very secret private banks are actively wooing foreign clients and setting up offices in leading capitals to attract new money.

Each day, specialized com-

panies like the Gottex Money Broking Company, tucked away in garden offices beside Lake Geneva, process over \$2 billion worth of currency swaps, interest rate options, FRA's and arbitrage in the interbank market around the world. They, too, now prepared to accept private clients.

According to a small booklet called *Swiss Banks — The Secret of Success*, Switzerland ranks among the top international markets after New York, Tokyo and London. The reported turnover on Swiss stock exchanges — excluding block transactions, which are not required to be reported — amounted to SF 890 billion in 1986.

At the same time, daily trading volumes on the Zurich foreign exchange market averaged about \$30 billion,

placing the city in third place after London and New York.

The Swiss capital market is one of the most active in the world. Public issues of bonds and shares in 1986 amounted to about SF 60 billion. The total assets of banks and finance companies in Switzerland amounted to SF 848 billion at the end of 1986, with foreign assets accounting for 40 percent of the total while Swiss banks have the highest capital/assets ratio in the world.

Swiss-managed investment portfolios are worth an estimated SF 1.4-1.6 trillion. One third of newly issued Eurobonds goes straight into portfolios administered by Swiss banks, demonstrating the enormous placing power in international securities markets.

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Handwritten signature or mark at the bottom left of the page.



# Trading Exceeds Initial Estimate

SIX months before Soffex was due to open, the Wall Street crash sent tremors around the world. In the aftermath of Black Monday, the Swiss market was not spared. Otto Niggli, chief executive officer of Soffex and former investment banking manager for the Bank of Tokyo in Zurich, needed all his powers of persuasion to convince the Swiss banking community to keep faith in the options project, especially as new financial instruments were held responsible for Wall Street's collapse. Many objected that the Swiss market was too illiquid for options to succeed. The nadir came on March 1 when the Soffex opening was postponed for two and a half months to iron out bugs in the system. Today, Otto Niggli savors a hard-won triumph.

have turned bullish. There's a lot of interest in the Swiss bank stocks and options, and good volume in Nestlé and Jacobs, the chocolate stocks. But more important, I can prove from the printout that one third of the orders are customer/agent transactions.

How much of this initial success is due to the Soffex information campaign?

When the Soffex program was launched, people were anxious, cautious and even afraid of options and futures. It was clear from the beginning that education was necessary. In the first phase we educated professionals, management, investment advisors and bankers. If you don't know the product, you can't recommend it. In the final phase, we took out ads in the general press, with a coupon to write in for booklets. We received over 5,000 responses.

Did this surprise you?

Yes and no. Soffex is a worldwide novelty in technology. This is the first time that there is no time delay between a trade and the respective clearing transaction. It's natural that the press and public have been interested.

Portfolio managers at Swiss banks must also account for some agent/customer orders?

There's a substantial



Mr. Otto Niggli, CEO of Soffex.

amount of foreign money managed by Swiss banks, much of it in private portfolios. Managers invest in Swiss stocks and need options to hedge these investments.

Has the option market helped to increase the amount of trading and liquidity in Swiss stocks?

To a certain extent. But it does not help create traffic; you can't change the liquidity in the underlying market. The volume figures you see reported only represent the tip of the iceberg.

When will you add to the 11 original stocks for options?

My priority is to get an index option by the end of the year. There may be a few more candidates for stock options but you can't add an underlying stock which has no market liquidity at all. Position limits would have to be set too low.

The index option is essential to give institutions a chance to have total portfolio coverage with one buy.

# Portrait of a Young Exchange

THE following statistics, compiled by the Union Bank of Switzerland, profile the 11 Swiss stocks on which options can now be traded.

**Ciba-Geigy** (bearer shares) stock market capitalization SF 10,096 billion; turnover SF 13,955 billion; one of the world's leading drug, agricultural and plastics companies.

**Hoffman-La Roche** (one tenth certificates) stock

market capitalization SF 9,734 billion; turnover SF 7,822 billion; Switzerland's largest chemical company with 96 percent of sales abroad.

**Jacobs Suchard** (bearer shares) stock market capitalization SF 3,759 billion; turnover SF 5,235 billion; the world's third largest producer of coffee and chocolate.

**Nestlé** (bearer shares) stock market capitalization SF 19,578 billion; turnover SF 38,050 billion; the world's

largest food and drinks multinational.

**Sandoz** (participation certificates) stock market capitalization SF 8.67 billion; turnover SF 8,361 billion; the second largest Swiss drug and chemicals group.

**Union Bank of Switzerland** (bearer shares) stock market capitalization SF 16,408 billion; assets SF 9,123 billion; largest Swiss Bank.

**Swiss Bank Corporation** (bearer shares) stock

market capitalization SF 12,176 billion; assets SF 8,498 billion; the number two Swiss bank.

**Crédit Suisse Bank** (bearer shares) stock market capitalization SF 8,861 billion; assets SF 6.75 billion; number three and a leader in the Euro-markets through Crédit Suisse First Boston.

**Swiss Reinsurance** (participation certificates) stock market capitalization: SF 3,174 billion; gross premiums

SF 10,665 billion; number two in reinsurance worldwide.

**Swiss Volksbank** (ordinary shares) stock market capitalization SF 2,395 billion; assets SF 716.5 million; number four commercial bank.

**Zurich Insurance** (bearer shares) stock market capitalization SF 6,667 billion; gross premiums SF 5,529 billion; with 42 affiliates in 35 countries, this insurance giant is strongest in the U.S. and West Germany.

# A New Generation of Brokers

WHILE Geneva is the home of private banks and Basel serves as headquarters for the chemical giants, downtown Zurich is the commercial banking capital of Switzerland.

Zurich was thus the obvious choice for options and futures headquarters. Each of the three cities has its own stock exchange, but the heaviest trading takes place in Zurich. Ser in the heart of the German language region, it is rapidly assuming the same role for the Swiss that Frankfurt plays in Germany.

On June 6, the day the option contracts count broke through 8,000, there was jubilation in trading rooms across the city. The original prediction had been 10,000 contracts by year's end. Yet, by the following week, the total had doubled to 16,000.

At Swiss Bank Corp., where a poster for the film "Wall Street" has pride of place on the wall, the average age of the all-male team of traders, trained in New York and Chicago, is 24.

The manager, Ralph Kaiser, reports brisk business, with orders coming in mostly from individual clients on the Italian side of Switzerland. He predicts that institutions will take about two years to really come into the market.

Another all-male team mans the screens at the leading bank, Union Bank of Switzerland (UBS). Vice-president in charge of options, Bruno Gislser, who came over from Cofbank in Zurich, dismisses the suggestion that a new generation of Swiss "golden boys" may be in the making. Salaries for young traders are still relatively modest, and depend on the size of bonuses at the end

For instance, general clearers must show a minimum capital of SF 500 million and provide guarantee deposits of SF 5 million.

The very conservative state-owned Zurich Kantonbank has become one of the most enthusiastic supporters of Soffex and embarked on a drive to modernize and expand facilities. It is a full clearing member of Soffex, a distinction held by only 13 leading banks.

In fact, ZKB is the largest banking establishment in the association of Swiss cantonal banks and the fourth largest Swiss bank — behind UBS, Swiss Bank Corp. and Crédit Suisse. In line with the modernization drive, it will soon ask the people of the canton to vote on extending the bank's foreign asset limit from 5 to 10 percent.

"We are convinced that for the image of our bank and the cantonal group, we had no choice but to qualify as a general clearing member," says Kurt Stäubli, senior vice-president.

The job of setting up the Soffex team at ZKB went to veteran staffer Daniel Lanz, who studied at Northwestern University in the United States and worked with the Chicago brokers, O'Connell & Piper, before taking on his new responsibilities.

To date, ZKB makes a mar-

ket in Nestlé. They will add new options when Mr. Lanz is satisfied that the team is ready. He points out that it is the first time, at a Swiss stock exchange, that market makers have been obliged to regularly make binding prices for certain stocks. "When the share price moves, 32 separate options prices move differently, and this takes some watching," says Mr. Lanz.

ZKB's no-nonsense offices are beautifully positioned close to the lake. Not so the very private Privatbank, owned by one of the richest industrial families of Switzerland, the Schmidheiny family (Brown Boveri, Holderbank, Exemir).

The bank had one of its best years ever in 1987. Nevertheless, Privatbank recently decided to open up to more international clients. Its name has now been anglicized from the tongue-twister, Privatbank und Verwaltungsgesellschaft and new offices were opened in New York, Hong Kong and Geneva.

"We're counting on Soffex to help bring back liquidity to the market," says Saad Azhari, portfolio manager for Privatbank and a specialist on options. He notes that one of the reasons the Swiss stocks suffered so severely after October 19 was the absence of options. Investors who wanted to leave

the market and ride out the storm were obliged to sell the underlying stocks because no put options existed.

Mr. Azhari, originally from Lebanon, notes that options are nothing new for Privatbank. "We have been dealing with all new financial instruments in the United States and other markets for many years," he says.

He feels that Swiss banks, in general, have now recognized the fact that options and futures can be used as conservative instruments to reduce the risks of the market as well as to increase the income of stockholders.

The largest of Zurich's private banks, Bank Julius Baer, has chosen to make a market in two stocks, Hoffman La Roche and Jacobs Suchard. Styling itself as the Rolls Royce of private banks, with its stunning modern art deco and uniformed attendants, Julius Baer has an important private clientele and a long experience in portfolio management.

"We participate in all markets around the world. It's time we had the same opportunities in Switzerland," says Albert Metz, in charge of options for Julius Baer.

This Advertising Section was written by Carolyn Pfaff.

# Technology a Key Factor

TEAMS of youthful computer specialists have become a familiar sight in Zurich over the past two years, ever since Arthur Andersen, the consulting and accountancy group, took on overall responsibility for the Soffex launch, and Digital Equipment (DEC) won the bidding to supply the hardware.

"It was impossible for the Soffex board to handle all this

themselves. They needed someone neutral and sufficiently specialized to manage it for them," says Paul Hocvé, managing partner of Arthur Andersen, Switzerland.


Flexibility was one of the major reasons why DEC won the contract to supply Soffex's computers.

"The system had to respond to the increase in the number of bank participants as well as an increase in the

number of transactions," says DEC Soffex project manager, Nader Moukhtarzadeh.

The original team is now being disbanded, leaving a nucleus to work on a Swiss stocks index, to be introduced at the end of this year.

But there is a strong chance that the Arthur Andersen and DEC team will soon be back in action again, this time to organize an options system for the German stock exchanges.



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INTERNATIONAL STOCK MARKETS

Tokyo Stock Market Frets Over Dollar's Quick Rise

By ANNA ESAKI
TOKYO — The sudden surge in the dollar has aroused fears on the Tokyo stock market of inflation, higher interest rates and an outflow of Japanese funds to dollar-denominated investments. The dollar, which had last week at about 125.50 yen, burst through the 130-yen mark by the end of the week, closing at 130.45 in New York and 130 in London. It pushed still higher on Monday, closing at 130.70 in Tokyo, matching its previous high for 1988, which was set Jan. 16. This fed speculation it would approach 132 yen. "There are fears of inflation, which will likely continue well into the future," said Kaoru Shimura, chief fund manager of Sunamo Life Insurance Co. Norio Otsuchi, a broker with the Sanyo Securities Co., said, "It is as if the dollar will be in the 131 to 133 yen range. There is a question as to whether the yen can rise to 135 yen, and when and if the Bank of Japan will come in."

Even without the dollar surge, some analysts predicted the stage was set for a market retreat.

BROKERS said it was an arguably overheated market that caused bloated volumes and a 30 minute cut in the afternoon session by the Tokyo Stock Exchange from June 10 to 13. At around 27,500, the market was technically due for a correction, and this has been a factor, said Andrew Ballingal, a test with Barclays de Zoete Wedd Securities (Japan) Ltd. "The volume and relative strength in smaller stocks are signs of technical weakness." A strong dollar normally helps stocks of export-related companies. But this time, they have not noticeably benefited. Brokers' earlier advance was due largely to increased domestic stimulus, reflecting more inward-looking marketing by the companies concerned, and thus their sensitivity to exchange-rate movement has been reduced. A weak yen has in turn become a demerit for such industries. "The cost of raw materials is going up. It is relatively insensitive to exchange rates, such as the movement of a one megabit microchip, have become a market is, and this says investors more than dollar direction. Brokers said they expected bargain-hunting in that sector in near future, and when the market picked up steam again, said they anticipated a spree of profit-taking by investors exposed to electronics.

2 Accused Of Insider Dealings

\$19 Million Case Likened to Boesky

Compiled by Our Staff From Dispatches
WASHINGTON — A trainee analyst with Morgan Stanley & Co. leaked inside information on pending mergers to a Hong Kong businessman that generated at least \$19 million in illegal profits, the U.S. Securities and Exchange Commission charged on Monday in a civil complaint. Gary G. Lynch, the SEC enforcement chief, said the case is second only in magnitude to the Ivan F. Boesky insider-trading affair. Mr. Boesky, 51, pleaded guilty in 1986 to charges relating to insider trading and agreed to pay \$50 million in penalties and return \$50 million in illegal profits. Mr. Boesky had provided information about his string of contacts but the present case was not connected with his activities. The SEC alleged that Steven Wang Jr., 24, the Morgan Stanley trainee, appropriated information about tender offers and pending mergers and communicated that data to Fred C. Lee, 38, also known as Chwan Hong Lee, a resident of Hong Kong and a Taiwanese national who also claims Canadian citizenship. The SEC will seek return of \$19 million in alleged illegal insider-trading profit, plus fines of \$7 million, three times the amount, Mr. Lynch said. Mr. Lee, an international businessman with interests in real estate, public utilities and import-export operations, traded in those stocks — such as Utah Power & Light Co., E.F. Hutton Group Inc. and Shop Co. — for his own account and for others, realizing profits of \$19 million, Mr. Lynch said. The civil-enforcement action filed in U.S. District Court in New York by the SEC sought an immediate injunction, an asset freeze on the two men's accounts, disgorgement of the profits along with triple penalties. Mr. Lynch said the court granted the request for a temporary restraining order freezing the assets. Mr. Lynch said the court order extends to several trading accounts maintained by both men. Mr. Lee was attempting last Friday to transfer funds from the United States to Hong Kong, Mr. Lynch said. Transactions subject to the indictment. See INSIDER, Page 13



Two competitors in the battle for the Pacific passenger: United Airlines and Japan Air Lines.

Little Things Are Not Occidental Service Keyed to Japan Dominates Pacific Air Routes

By Nancy Yoshihara
Los Angeles Times Service
LOS ANGELES — Yukio Kato peered into his food processor, making sure the texture of the egg whites was just right. Satisfied, he set them aside and chopped the yolk into a fluff. The Japanese chef then layered the pan's bottom with egg whites. To that he added a half inch of yolk. Carefully pressing the two together, he refrigerated the appetizer. Less than 24 hours later, passengers in business class of All Nippon Airways bound for Tokyo from Los Angeles would savor Mr. Kato's *risshiki tamago* along with at least a dozen other painstakingly prepared and delicately presented Japanese foods. The cuisine is hardly typical of meals served out of jetliner galleys, but fierce competition for passenger loyalty among airlines operating across the Pacific Ocean is forcing improvements in food and service. "It is the fastest-growing air transport area in the world," said Paul P. Karos, an analyst who follows the airline industry at First Boston Corp. in New York. "The reason for that is it is one of the fastest-growing economic regions in the world. Airlines are building off a smaller base so the growth is faster. It is in its early growth stages." Trans-Pacific air traffic is expected to grow at an average annual rate of 11 percent through 1994, according to the International Civil Aviation Organization. In 1987, about 8.7 million passengers traveled between the United States and Asia — 6 million between Japan and the United States. Northwest Airlines, with a 24.9 percent share of the market, has a slight edge over United Airlines, at 23.8 percent, but together the two U.S. carriers dominate, accounting for nearly half the seats. Japan Air Lines is third, with 18.2 percent, according to a report by San Francisco-based Montgomery Securities. Other operators include China Airlines, Cathay Pacific, Korea Air Lines and Singapore Airlines. Within the past two years have come Delta Air Lines, American Airlines and All Nippon Airways. The U.S. carriers may dominate the market, but the Asian carriers set the standard for food and service. "There was absolutely no comparison," said Ole Henriksen. See PACIFIC, Page 13



A Japan Air Lines hostess in an airline publicity photo. Meal quality is one way carriers are trying to build customer loyalty.

U.K. Trade Gap Hits Record of £1.21 Billion

By Warren Getler
International Herald Tribune
LONDON — Britain posted a record £1.21 billion (\$2.08 billion) deficit on its widest trade measure in May, nearly double market expectations of a £700 million monthly shortfall, according to figures released Monday by the Department of Trade and Industry. News of the sharp deterioration in the current account, which comprises trade in goods and services plus some financial transfers, undermined the value of the British pound and British securities. It also increased expectations of a one percentage point increase in commercial bank base lending rates to 10 percent, perhaps as early as Tuesday. The pound dropped more than 2 cents after the report, to close at \$1.7025 from \$1.7025 on Friday. Against the Deutsche mark, it dropped more than three pence to 3.0959 from 3.1332. The Financial Times-Stock Exchange index of 100 leading British shares fell 29.8 points to 1,841.5. Economists said the current figure highlighted persistently robust domestic demand for imports but also a troubling decline in exports, particularly to the United States and to the developing world. They noted that the weakness of the dollar against the pound in the first half of this year had made British exports more expensive, and imports priced in dollars cheaper. Overall merchandise exports in May fell 4.5 percent from April levels to \$3.48 billion, while imports rose 2 percent from April to \$3.19 billion. Imports were last that high in August 1987. The previous record monthly current account deficit, £905 billion, was reported in January. The seasonally adjusted deficit on the current account widened dramatically in May from an upwardly revised £728 million shortfall in April. The April deficit was originally reported as £525 million. The May deficit is also nearly quadruple the figure posted a year earlier, £361 million. Britain's merchandise trade balance in May also registered a record. See TRADE, Page 15

Mitterrand, Thatcher Disagree on EC Bank

By Ferdinand Protzman
International Herald Tribune
HANNOVER, West Germany — The European Community summit meeting opened Tuesday with only one major issue on its agenda: a proposal to study the possibility of creating a European central bank. The West German government spokesman, Friedrich Oetzel, said the topic was touched upon only briefly during the day's meetings. He said it would be discussed in detail during later sessions. Mr. Oetzel said President François Mitterrand of France had spoken out strongly in favor of establishing a European central bank and currency union. Prime Minister Margaret Thatcher of Britain, sources said, is resisting proposals to establish two commissions to examine the possibility of such a bank. France supports the proposal. But the West Germans appear to be split. Foreign Minister Hans-Dietrich Genscher strongly favors establishing such an institution, but the finance minister, Gerhard Stoltenberg, and the Bundesbank president, Karl Otto Pöhl, believe it is at best a very distant possibility. Mrs. Thatcher is believed to be most strongly opposed to the notion. "We do not think it would be fruitful to consider setting up a European central bank," a spokesman for the British delegation said. "You will only have it when you dissolve the House of Commons, among other political institutions." Lord Plumb of Colchester, the British president of the European Parliament, told EC leaders they should strive for the eventual creation of a European central bank. "As the conditions for currency stability are increased," he said, "so the role of a common currency will become more and more natural and appropriate." Proponents said creation of a European central bank and a single European currency are prerequisites for the abolition of trade barriers among the 12 EC nations. This is planned for 1992. But Mr. Pöhl and Mr. Kohl have said that full convertibility of EC currencies, and abolition of all exchange rate controls, are more important goals. West Germany has also said that a European central bank would have to meet certain, specific West German conditions, such as sharing the Bundesbank's legal commitment to maintaining the value of the currency and defending price stability. British sources said that Mrs. See EC, Page 15

Currency Rates

Table with columns for currency, rate, and date. Includes entries for US Rates, UK Rates, and other international currencies.

Interest Rates

Table with columns for currency, rate, and date. Includes entries for US Rates, UK Rates, and other international currencies.

British Drama: Unraveling of the Clowes Empire

By Steve Lohr
New York Times Service
LONDON — For several weeks, a financial scandal that centers on the unlikely character of Peter Clowes, 45, an investment manager, has been Britain's most enthralling popular drama. The material is compelling: small investors who say they were hoodwinked, offshore shell companies, yachts, private jets, French vineyards, a divorce, charges of official negligence and a protagonist with an intriguing past. Mr. Clowes, who was arrested 11 days ago, once worked for a British subsidiary of Bernard Cornfeld's mutual-fund empire, Investors Overseas Services, which collapsed in spectacular fashion in 1970. Until forced to hand over his assets to government liquidators, Mr. Clowes was a millionaire with all the trappings, including a couple of luxury yachts and a vineyard near Bordeaux. The line between his personal investments and those of his investment management companies, Barlow Clowes Gilt Managers Ltd. and Barlow Clowes International Ltd., seems blurred and is one subject of the criminal investigation. The two Barlow Clowes units were subsidiaries of a publicly held concern, James Ferguson Holdings PLC, of which Mr. Clowes was chairman and chief executive until he was forced to resign earlier this month. Both Barlow Clowes Gilt Managers and the Gibraltar-based Barlow Clowes International are being liquidated. The 18,000 clients of Barlow Clowes were mainly retired Britons who were told their money was being invested in British government bonds, called gilts. The advertising pledged that with tax advan-



Peter Clowes

It turned out that much of the money was not invested in British government bonds after all. Through the loosely regulated Gibraltar unit, Barlow Clowes International, the financier sent funds to affiliated firms in Switzerland, Liechtenstein and elsewhere, which in turn made investments in a variety of ventures, including real estate and retailing. Asked why he made the extraordinary investments, Mr. Clowes replied outside a London court: "To get the greatest return. If we just invested in gilts, there was no way we could have gotten a higher return." Last week, more than 1,000 investors in Barlow Clowes funds gathered in the Manchester town hall to discuss possible legal action against the financial advisers who recommended that they invest their money with Barlow Clowes. The Department of Trade and Industry, the agency responsible for policing much of the British securities industry, was warned nearly four years ago by the profes-

Asian Dollar Deposits

Table showing interest rates for various Asian currencies and dollar deposits.

U.S. Money Market Funds

Table showing performance metrics for various U.S. money market funds.

Gold

Table showing gold prices and market data from various sources.

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Advertisement for Audemars Piguet watches, featuring the text 'THE MECHANICAL MASTERPIECES' and 'Audemars Piguet La plus prestigieuse des signatures.' Includes images of various watch models.

Advertisement for Legrand, featuring the text 'The Annual General Meeting took place in Limoges on June 13, 1988, with Mr. François GRAPPOTTE in the chair. All the resolutions submitted were approved.' Includes the Legrand logo.

Monday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High Low Stock Div. Yld. PE St. 100 High Low Close

Table of stock prices for various companies including IBM, AT&T, and others.

U.S. Futures

Grains, Soybean Meal, Soybean Oil, Live Stock, Cattle, Hogs, Pigs, etc.

Table of U.S. futures prices for various commodities.

Currency Options

Exchange Rates for various currencies including British Pound, Swiss Franc, etc.

Table of currency options and exchange rates.

London Commodities

Prices for various commodities in London including oil, metals, etc.

Table of London commodity prices.

S&P 100 Index Options

Options prices for the S&P 100 index.

Table of S&P 100 index options prices.

London Metals

Prices for various metals in London.

Table of London metal prices.

Company Results

Financial results for various companies.

Table of company financial results.

Fort Howard Accepts Management Buyout Offer of \$4.1 Billion

Article detailing the management buyout of Fort Howard Corp. for \$4.1 billion.

NYSE High-Lows

Table showing high and low prices for various NYSE stocks.

AMEX High-Lows

Table showing high and low prices for various AMEX stocks.

U.S. Treasuries

Table of U.S. Treasury bond yields and prices.

Paris Commodities

Table of Paris commodity prices.

Spot Commodities

Table of spot commodity prices.

To Our Readers

Editorial notes and information for readers.

BUSINESS ROUNDUP

Seabrook Owner Mulls Liquidation

SHUA, New Hampshire — Service Co. of New Hampshire... filed in January, its president on Monday...

cause it has not received a federal license to do so. Nearby Massachusetts communities have failed to file emergency evacuation plans...

organization plan cannot be confirmed unless creditors receive at least as much as they would if the enterprise were liquidated.

GM Executive Retires to Join U.S. Law Firm

DETROIT — General Motors Corp. said Monday that Elmer W. Johnson, an executive vice president, retired and will return to the Chicago law firm of Kirland & Ellis.

Ford Signs Licensing Pact With Australian Engine Maker

SYDNEY — Ford Motor Co. has signed a licensing agreement to use innovative car engine technology from Orbital Engine Co. of Australia, Orbital's chairman, Russell Fynmore, said Monday.

The two-stroke Orbital engine, which was developed by the Australian inventor Ralph Sarich, has been promoted as more compact, lighter and more economical than traditional four-stroke engines...

Mr. Sarich has said that the state government in Michigan, where the U.S. car industry is centered, has offered him assistance to relocate his operation to the United States...

Pacific Gas Cuts Dividend and Clears Rate Settlement

FRANCISCO — Pacific Electric Co. said Monday cut its quarterly common dividend by 13 cents a share...

The utility's stock dropped 37.5 cents, to \$15.75 a share, in trading on the New York Stock Exchange on Monday.

The company also said that its estimates indicated that for the next few years, earnings will be "insufficient to sustain our annual dividend of \$1.92 per share."

INSIDER: SEC Accuses Pair in a \$19 Million Case

(Continued from first finance page) er trading charges were made from July 1987 to the present, Mr. Lynch said.

Stocks allegedly involved in the dealing were Impact Systems Inc., American Standard Inc., American Brands Inc., Catalyst Energy Corp., Chi-Chi's Inc., Dayton Hudson Corp., Dime Savings Bank of New York, E-11 Holdings Inc. and Federated Department Stores Inc.

Safecard Services Inc., Savannah Electric & Power Co., Staley Continental Inc. and Stannadyne Inc.

Porsche to Stop Making Its 924

STUTTGART — Porsche AG, the luxury sports car maker, said Monday that it would stop production of the 924, its cheapest and smallest model, after August.

Komori to Buy Harris Press for \$50 Million

CHICAGO — The Harris Press web-press group, a division of AM International, is to be sold to Komori Printing Machinery Co. of Japan for \$50 million, it was announced Monday.

PACIFIC: Service Keyed to Emerging Japanese Traveler Dominates a Battle for Passengers

(Continued from first finance page) sea, who recently flew China Airlines to Taipei, but returned on United Airlines from Hong Kong. He flew first class both times. He requested a vegetarian meal on both flights. On China Airlines, "everything was crisp and fresh," he said, in contrast to United, which he said served canned asparagus and mushrooms.

Northwest is testing a number of changes to make its service distinctive. American has changed the configuration of its business-class seating on Dallas-to-Tokyo flights to match the roomier accommodations offered by All Nippon.

Today, he said, 60 percent of the passengers are Asian and only 40 percent are Americans. The majority of Asian passengers are Japanese. In the past, he said, there was a lot more emphasis on programs essentially geared to passengers out of the United States.

They will not complain to you, but they will tell their friends, added Ms. Corbett, who flew with Japan Air Lines as part of an exchange program when Delta was preparing for service from Portland, Oregon, to Tokyo.

When Delta attendants serve food in first class and business class, they avoid placing items in sets of four. "In Japan, the number four means death," explained Ms. Corbett.

Mr. McGonigle said of Mr. Wang, Mr. McGonigle said on SEC investigation had uncovered a record of telephone calls from a Lee residence in McLean, Virginia, to Mr. Wang's New York residence. Mr. Lee allegedly traded through 24 accounts at various brokerage houses.

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GLOBAL FINANCE

October 3, 1988

Table with exchange rates for various currencies including DOLLAR, EURO, POUND, etc.

A Special Editorial Report From the Editors of Business Week

This timely editorial report on the critical trends in international finance will be published as top officials head for the IMF meeting in West Berlin during the week of September 24.

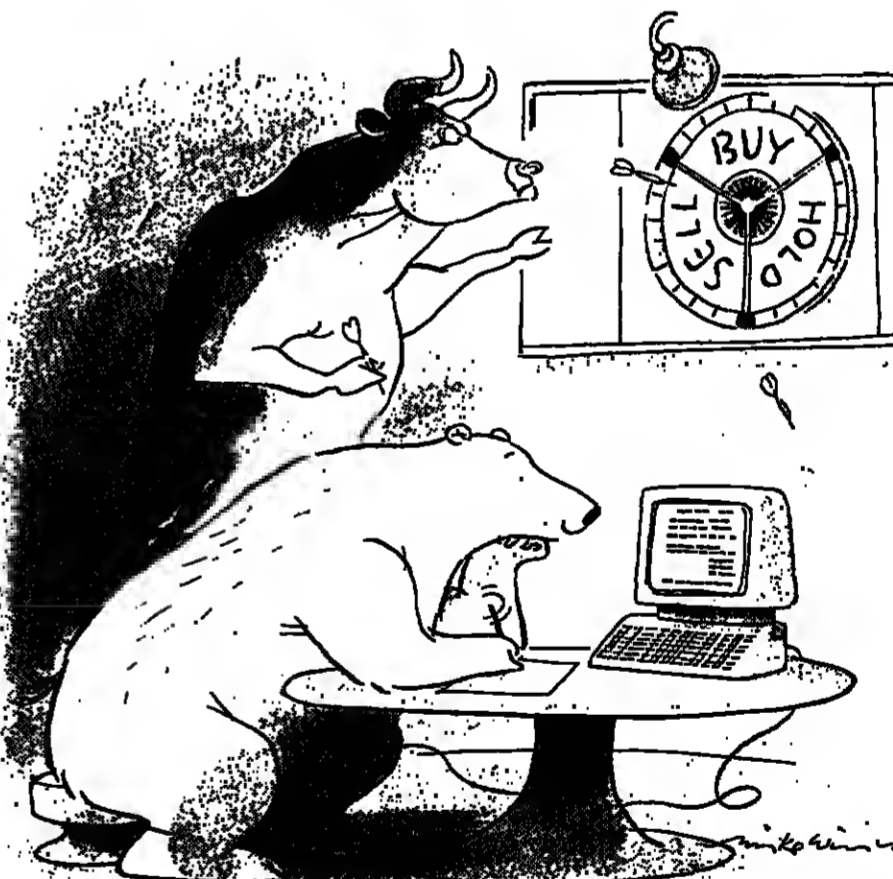
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Business Week's International Edition will be distributed to all delegates attending the IMF meeting. This timely special editorial report will be required reading for everyone involved in today's global financial marketplace.

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MARKETS

Monday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trading elsewhere.

Table with columns: 12 Month High/Low, Stock, Div. Yld. PE, etc. Lists various stocks like AIG, AMER, AMEX, etc.

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INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 27th June 1988

The marginal symbols indicate frequency of quotation supplied: (d) - daily; (M) - monthly; (Q) - quarterly; (A) - annual; (S) - semi-annually; (Y) - yearly

Large table listing various international funds with columns for fund names, prices, and other details.

Other Funds

Table listing other funds with columns for fund names, prices, and other details.

Floating-Rate Notes

Table listing floating-rate notes with columns for issuer, maturity, and other details.

Deutsche Marks

Table listing Deutsche Marks with columns for issuer, maturity, and other details.

As: Australian Dollars; BF: Belgium Franc; C: Canadian Dollars; DM: Deutsche Mark; ECU: European Currency Unit; FF: French Franc; L: Dutch Guilder; Lf: Italian Lira; Lf: Luxembourg Franc; Sfr: Swiss Franc; Y: Yen; etc.

CURRENCY MARKETS

DOLLAR: Fed Intervention Pulls Currency Off Highs

(Continued from page 1) ... Fed intervention pulled the dollar off its high of 6.1485 French francs...

London Dollar Rates

Table with columns: Currency, Bid, Ask, and Source: Reuters. Lists rates for Deutsche mark, Swiss franc, Japanese yen, and French franc.

...The value of the dollar as an investment currency. Inflation has been a particular worry in West Germany and Japan...

YEUTTER SAYS U.S. DROUGHT WILL CURTAIL FARM EXPORTS

BEAVER CREEK, Colorado — The drought in U.S. grain-producing regions will curb American farm exports, according to Clayton K. Yeutter, the U.S. trade representative...

TRADE: British Current Account Deficit Hits Record

(Continued from first finance page) ... a declining pound by engineering three consecutive half-point increases in base rates over the past four weeks...

...The Bank of England declined to operate in the London money markets Monday. Market participants, however, signaled their expectation for a full-point rise in base rates...

ing Dollar Is Expected to Push Long-Term U.S. Interest Rates Lower

YORK — Renewed strength in the dollar helped push down long-term U.S. rates and postpone tightening of the Reserve System's restrictions on supply growth, economists said...

...The bond market staged a powerful rally last week, with the price of the 9 1/2 percent 30 year bond climbing to 102 28/32 on Friday...

...The ensuing bond market rally has created a comforting backdrop to the coming week's FOMC meeting, where the ongoing tug toward restraint should be checked for now...

...The long end of the curve can be expected to continue to outperform the shorter-term issues, said Ward McCarthy of Merrill Lynch Capital Markets in a report...

...Mr. Platt said the yield on the 30-year bond probably peaked at 9.25 percent on Tuesday, 9.375 percent and that rates are headed down to between 8 percent and 8.25 percent...

EC: Dispute Over Central Bank

(Continued from first finance page) ... Thatcher is pushing a half-dozen near-term priorities for the EC as it prepares for the creation of a frontiers market in 1992...

...The city lost 159,800 manufacturing jobs in the 10 years that ended in December, a 30 percent decline that was much worse than that experienced in the so-called Rust Belt states of the Middle West...

Large financial table with multiple columns for stock prices, dividends, and company names. Includes a 'Monday's OTC Prices' section at the top left.

Japanese Output Fell By 1.7% During May

TOKYO — Japan's industrial production fell 1.7 percent in May from the previous month, the Ministry of International Trade and Industry said on Monday...





SPORTS

Lendl Wins in Tough 5 Sets; Sabatini and Zvereva Ousted

By John Feinstein

WIMBLEDON, England — If Ivan Lendl ever wins Wimbledon, whether it be this year or sometime in the future, no one will say that he did not earn it.

Every time the Czechoslovak steps onto a grass court, everything is difficult for him. One suspects that if the Dutchess of York, eight months pregnant, had left the Royal Box on Monday and played Lendl, she would have gone five sets with him.

But Lendl played Mark Woodforde of Australia in five tough sets.

WIMBLEDON TENNIS

on Court No. 1, the court that has provided most of the suspense at this tournament.

Last week Pat Cash of Australia and Jimmy Connors of the United States each trailed their opponents two sets to one before surviving.

Monday, Lendl went much further. For four hours and 46 minutes, he grunted and groaned, huffed and puffed, and finally blew Woodforde down, 7-5, 6-7 (8-6) 7-4, 7-5, 10-8.

The non-Lendl suspense for the day took place on the women's side.

There, Zina Garrison of the United States, seeded 12th, upset fifth-seeded Gabriela Sabatini of Argentina, 6-1, 3-6, 6-2. Unseeded Ros Fairbank of South Africa ousted Natalia Zvereva of the Soviet Union, seeded eighth, 6-2, 6-4.

It took Lendl six set points before he won the fourth set. At 6-6 in the fifth, he had two break points. At 6-7, Woodforde had a match point. Even after Lendl at long last broke to lead 9-8, he came up with one last double fault at match point before ending the match on his second try.

The crowd, which had swayed back and forth as the weather got colder and the skies darker cheered both players deliciously as much for the effort as for the tennis.

"I seem to have played a lot of tight matches here the last three years," Lendl said. "I guess I should consider myself lucky to win. Any time you are a match point down and win, there is some luck involved, no matter what.



Zina Garrison, seeded 12th, defeating No. 5 Gabriela Sabatini.

Right now, I feel relieved and lucky."

In women's singles, Pam Shriver of the United States, the third seed, easily handled 14th-seeded Katerina Maleeva of Bulgaria, 6-2, 6-2.

Steffi Graf of West Germany, the top seed, cruised past 16th-seeded Mary Joe Fernandez of the United States, 6-2, 6-2. Unseeded Pascale Paradis of France beat another unseeded player, Anne Minier of Australia, 6-3, 5-7, 6-4. Helena Sukova of Czechoslovakia beat Barbara Potter, 7-6 (7-4), 6-4.

Chris Evert of the United States rallied from a set down to defeat her compatriot Katrina Adams, 5-7, 6-3, 6-0. Adams, 19, turned professional only six months ago.

Four men's seeds advanced with relative ease. Cash, the defending champion, ended the run of Andrei Olkhovski, a Soviet qualifier, in straight sets, 6-3, 6-3, 6-3. Mats Wilander of Sweden, the second seed, beat Slobodan Zivojinovic of Yugoslavia, 6-4, 7-6 (7-1), 7-5.

Stefan Edberg of Sweden, the third seed, had his first straight-set match of the tournament, taking out Simon Youl of Australia, 6-2, 6-4, 6-4, and Miloslav Mecir of Czechoslovakia, seeded ninth, beat Wally Masur of Australia, 4-6, 6-2, 6-4, 6-2.

Within 30 minutes of Lendl's victory, the threatening skies finally opened, forcing three matches that were in progress to be halted. Connors and Patrick Kuhnen were one set all, 6-6, and about to start a tiebreaker. American Tim Mayotte led Henri Leconte of France by two sets to love and Larisa Savchenko of the Soviet Union led Martina Navratilova of the United States 4-2 in the first set.

Boris Becker of West Germany and Paul Annacone of the United States had not begun their match before the rain started.

For Medal Contenders Only: East Germans Culled for Seoul

By Jackson Diehl

Washington Post Service

OSTOCK, East Germany — In the severe world of East German track and field, it is possible for an athlete to win a national championship, even set a European record, and still feel that he or she has fallen short.

Wessig, the veteran national record holder and 1980 Olympic gold medalist, won another national title in the high jump under the leaden skies of Baltic port city this weekend.

In Marthes, an 18-year-old sensation, won the 100-meter sprint in 10.18 seconds, a European junior record.

However, neither is likely to be allowed to enter these events at the Seoul Olympics. When a German sports official says up their daunting Olympic goals, they don't look for national champions, but for medal contenders. If a national champion is not also the holder of the Olympic record, he stays in.

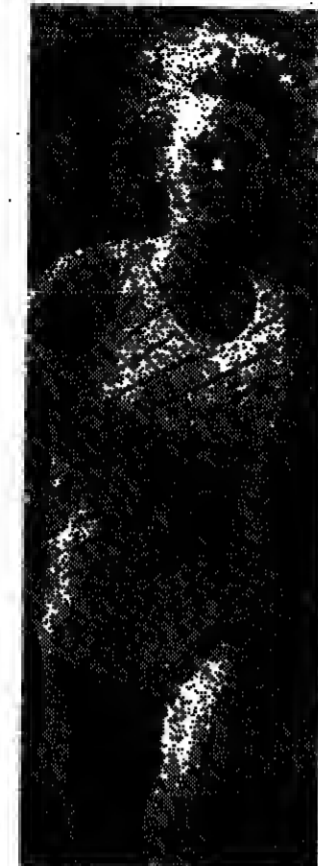
If I jump 2.34 meters (7 feet, 8 inches) I can go, Wessig said. A strong "No" by best this year. "I would be happy if they let me along as it is, but that's the way it works. You can't be eliminated in the qualifying round."

With Seoul only a little more than two months away, East Germany's sports authorities can afford to impose such demanding standards. Twelve years after winning 40 gold medals in the last pre-boycott Olympics, four more than the United States, the country's sports machine has produced a team that experts believe can win 16 more gold medals in track and field alone, including a dozen in women's events.

Only 250 to 300 East German athletes, about half the number in the United States, will compete in the 237 Olympic events in Seoul. In a remarkable number of major events, such as the 100-meter pole vault, hurdles, 100 meters and 1,500 meters, the East Germans may enter no one at all.

Almost all of the athletes who do compete will be medal contenders, or at least ranked in the world's top eight in their events.

"We don't believe in sports 'ism,'" is the phrase repeated by sports officials. "It's in the past, East German men stars predominate, seemingly thriving in the country's elite sports network of elite sports clubs and schools, where athletes usually move into dormitories



Heike Drechsler setting a world best in the 200 meters with a time of 21.84 seconds.

for full-time training at the age of 13.

"The women just train harder," said Cornelia Oschkenat, a 110-meter hurdler. "Our conditions are so optimal you just can't compare them with other countries."

With the Games approaching, the men's and women's teams glided through the national track and field championships on the weekend with a distracted air, the athletes preoccupied with laying the foundation for the last weeks of training. Here, in place of the usual world records, or individual bests, was the picture of champions struggling to end lingering injuries, inconsistency or indecision.

The team's focal point is Heike Drechsler, a 23-year-old sprinter and long jumper who once dreamed of matching Carl Lewis's four-gold-medal performance at the 1984 Summer Games. After an attempt at five events led to injury and a poor showing in last year's world championships in Rome, Drechsler said she learned not to bid for too much.

She has given up the idea of four golds, she said, adding with a laugh, "One or two would be enough."

Drechsler remains indefinite about which events she will enter, though she said the decision had been made. No announcement will be made until shortly before the Olympics.

Her first priority, she conceded, is the long jump, her favorite competition. Yet her best in the event this year, 7.20 meters, is well behind the world record of 7.52 set this month by Galina Chistyakova of the Soviet Union, while her times in the 100 meters and the 200 meters are world bests this year.

Drechsler ran 10.92 in the 100 meters earlier this year, and has recorded two world best times in the 200 meters in two weeks. Here, she was timed in 21.84, which leads the world in 1988, and is only 13 one-hundredths away from the world outdoor record of 21.71 that she shares with Marita Koch.

East German sports officials, who once seemed to be pushing a reluctant Drechsler toward the running events, now are low key about her prospects for multiple golds.

"Four is too much," said Volker Klueck, a senior sports information official attending the championships. "When you have so many good athletes, I think it's better if you send someone else in some of these events."

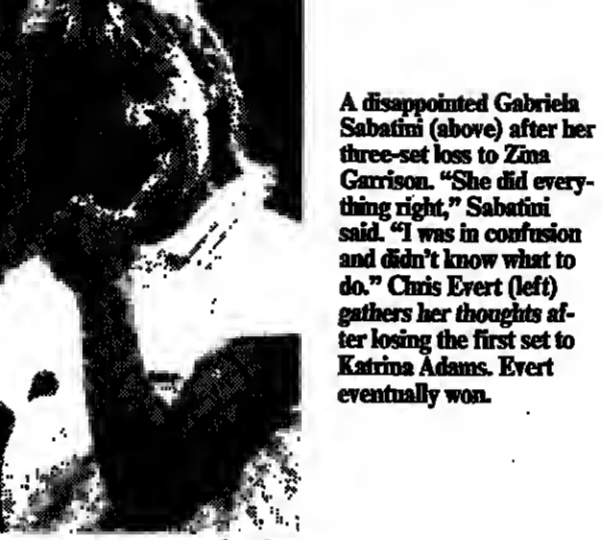
One factor that may be moving Drechsler away from the sprints is the strength of the East Germans in the 100 meters without her. Silke Moller defeated Drechsler to win the event in last year's World Championships, and on the weekend, was herself beaten by Marlies Gehr, the former world record holder and 1983 world champion who won the East German championship for the 10th time.

Gehr's victory seemed to certify a turnaround in a career that seemed as though it might be over after a poor showing in the 1987 worlds. And it seemed to offer her a chance for the Olympic gold she lost in 1980 and was unable to compete for in 1984 because of the East bloc's boycott of the Los Angeles Games.

Another women's champion who passed a crucial point of preparation on the weekend was the 1987 world champion in the 400-meter hurdles, Sabine Busch. Plagued by pain in her right ankle since January, Busch ran the year's best time of 54.11 Saturday.



A disappointed Gabriela Sabatini (above) after her three-set loss to Zina Garrison. "She did everything right," Sabatini said. "I was in confusion and didn't know what to do."



Chris Evert (left) gathering her thoughts after losing the first set to Katrina Adams. Evert eventually won.

Viola Gets 12th Victory As Twins Defeat A's

Compiled by Our Staff From Dispatches

OAKLAND, California — Frank Viola became the first American League pitcher to reach 12 victories this season as he helped the Minnesota Twins sweep a double-header over the Oakland Athletics.

Viola belped pull Minnesota within four games of first-place Oakland in the American League West as Keith Atherton picked up his third save and the Twins defeated the A's, 5-0, in the second game on Sunday. Minnesota, which trailed by 11 games on June 4, has won nine of its last 12.

In the opener, Charlie Lea and Juan Berenguer combined on a six-hitter in an 11-0 rout of the Athletics. Lea extended his scoreless-inning streak to 13, and Berenguer earned his first save.

Dan Gladden homered on the first pitch of the opener and Gary Gaetti added a three-run shot in the eighth. Gaetti and Al Newman each had three hits to lead a 15-hit attack.

Mariners 8, Royals 8: In Seattle, Billy Swift hurled a six-hitter and Roy Quinones hit two home runs to lead the Mariners past Kansas City. Swift walked four and struck out two in his first shutout and fifth complete game this season.

Angels 4, Brewers 2: In Anaheim, California, Dick Schofield cracked a two-run homer to key a three-run first inning, leading the Angels past Milwaukee. Willie Fraser and Bryan Harvey combined on

a five-hitter. Fraser allowed four hits, walked one and struck out five in seven innings to snap a seven-game losing streak as a starter. Harvey gave up one hit in two innings for his seventh save.

White Sox 7, Rangers 5: In Arlington, Texas, Daryl Boston hit his first career grand slam to spark

BASEBALL ROUNDUP

Chicago's defeat of Texas. Chicago's starter Jack McDowell ended a personal four-game losing streak. Bobby Thigpen worked two innings to record his 14th save.

Phillies 7, Cardinals 5: In the National League, in St. Louis, Missouri, Phil Bradley singled home a run and Bob Dernier squeezed home another in the 10th to lead Philadelphia.

The Phillies recovered from a minor skirmish in their dugout, started when Von Hayes threw his batting helmet after popping out in the ninth. The helmet hit Philadelphia Manager Lee Elia, setting off a shouting match between the two. Before tempers cooled, Phillies coach John Vukovich exchanged angry words with plate umpire Lee Weyer after playing peacemaker between Elia and Hayes.

"It was just a misunderstanding; it's all taken care of," Elia said later. "I just thought he was throwing at me, which he wasn't. They got a little raw, but it's all over now." (UPI, AP)

SCOREBOARD

BASEBALL

Today's Line Scores

Table with columns for American League and National League games, listing teams and scores.

Major League Standings

Table showing American League and National League standings for various teams.

Major League Leaders

Table listing top performers in various categories across the American and National Leagues.

TENNIS

Wimbledon

Table listing Wimbledon tennis results for men's and women's singles events.

GOLF

Top finishers and earnings in the Atlanta Golf Classic

Table listing top golfers and their earnings from the Atlanta Golf Classic.

BASKETBALL

NBA Draft Order

Table listing the draft order for the NBA draft.

TRANSITION

BASEBALL

TEXAS-PITCHER: Jose Canseco, pitcher, on the 15-day disabled list retroactive to June 22. Purchased the contract of Ed Van de Bunt from Oklahoma City of the American Association.

NATIONAL LEAGUE

ATLANTA—Sent Juan Eichelberger, pitcher, outright to Richmond of the International League.

PITCHING

WAS-LIST/WOUNDED: PCL/ERA: Cone, New York, 3.1; 2.00; 1.77; Knauer, Houston, 7.1; 2.75; 2.85; Glatkowski, Chicago, 13.3; 3.3; 2.97; Scott, Houston, 8.2; 3.0; 2.9; Herbolster, Los Angeles, 11.2; 2.8; 2.5.

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Nelson Rallies To Capture U.S. Golf Tournament

The Associated Press

MARIETTA, Georgia — Larry Nelson blew a four-shot lead then came back to win two birdies in the final five holes to shoot a one-over-par 73 and win the Atlanta Golf Classic on Sunday.

Nelson, the PGA champion, had a 20-under-par 268 total for the four rounds to post a one-shot victory over Chip Beck, a two-time winner this year who had a final-round 66 to move into contention.

Paul Azinger took the lead from Nelson when he sank a 25-foot (8-meter) birdie putt on the 13th hole, but then had a bogey and a double bogey to fall out of contention.

Azinger sank a 12-foot eagle putt on the par-5 last hole to finish with a 71 for the day and alone in third place with a total 270.

Nelson, who owns a home adjacent to the Atlanta Country Club course, never got it going the way he had in leading after each of the first three rounds. He was making a run at bettering the PGA Tour record of 27 under par for 72 holes.

The two-time PGA and 1983 U.S. Open winner got into trouble with a double-bogey 6 on the fourth hole when his second shot caught water. He failed to sink a 3-foot bogey putt. And he missed a 7-foot par putt for another bogey on the sixth hole, then had seven pars in a row before regaining the lead.

INTERNATIONAL CLASSIFIED

(Continued from Page 6)

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